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C O N F I D E N T I A L SECTION 01 OF 02 MANAGUA 000023

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TAGS: PGOV ECON KDEM SOCI OAS NU

SUBJECT: BOLANOS CONFIDENT HE CAN DEMAND KEY LEGISLATION
FOR ASSEMBLY LEADERSHIP DEAL

REF: MANAGUA 3246 AND PREVIOUS

Classified By: Ambassador Paul Trivelli for reasons 1.4 (b and d)

¶1. (C) Summary: In a recent breakfast meeting on January 4, Nicaraguan President Enrique Bolanos told the Ambassador that he could obtain agreement on key legislation during negotiations for the upcoming elections for the National Assembly's Executive Board ("Junta Directiva"). Such legislation would include implementing measures for the CAFTA and IMF agreements, approval of the MANPADS destruction, a new Penal Code, and the Millennium Challenge Account (MCA) compact. Bolanos also discussed his options to replace recently deceased Secretary of the Presidency Ernesto Leal, the need to encourage an OAS observer mission for the impending regional and national elections, and the positions of the presidential candidates and the likely outcome of the regional elections in March on the Atlantic Coast. End Summary.

PRESIDENT CLAIMS TO CONTROL SWING VOTE IN ASSEMBLY

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¶2. (C) During a January 4 breakfast with the Ambassador, President Bolanos reported he would meet on Friday, Saturday and Sunday with representatives of each of the caucuses in the National Assembly to broker the January 9 elections for the new Junta Directiva. Bolanos said he would insist on an inclusive Junta with representation from each caucus and the election of a president from one of the minority caucuses (i.e., not the PLC or FSLN candidate). The President stated that he would accept a PLC deputy for the First Secretary position as long as the candidate would agree not to promote an amnesty bill for convicted ex-President and PLC leader Arnoldo Aleman.

¶3. (C) Bolanos declared that he would simultaneously negotiate an agreement to pass key legislation of interest to the executive, including implementing laws for the CAFTA and IMF agreements, approval of the new Penal Code, approval for the government to destroy Nicaragua's remaining official stock of MANPADS, and MCA-related legislation. Bolanos told the Ambassador that he could kill an FSLN-sponsored law regarding appointments for National Police commissioners that would force the President to select a strongly FSLN affiliated subcommissioner to head the Police instead of a candidate more favorable to his administration. He reported that the current head of the Police, Commissioner Edwin Cordero, will be offered the position of mayoral candidate for Leon for the FSLN following the expiration of his term.

¶4. (C) Comment: Bolanos seemed quite confident that he could

demand such concessions in exchange for the votes of the twelve National Assembly deputies that he "controls." While it is true that twelve deputies do not belong to the PLC or FSLN caucuses, and neither the PLC nor the FSLN can win the elections without support from these deputies or each other, the President does not "control" all of them. Some deputies from the Nicaraguan Liberal Alliance (ALN-PC), Azul y Blanco and Camino Cristiano caucuses have told Emboffs that they are willing to work with Bolanos on the Junta elections, but others, such as Orlando Tardencilla and Jaime Morales Carazo (Azul y Blanco), are openly critical of Bolanos and unlikely to follow his lead. The six deputies in the ALN-PC are loyal to Liberal presidential candidate Eduardo Montealegre and will not obey Bolanos without Montealegre's approval. As has happened during other (rare) periods of relative political calm in Nicaragua, President Bolanos may be tempted to overplay his hand and demand too much from politicians who regard him as a lame duck. End Comment.

LEAL'S DEATH CREATES VOID AT PRESIDENCY

15. (C) The sudden death of Secretary of the Presidency Ernesto Leal on December 26 created a vacuum at the Presidency that has temporarily been filled by the President's private secretary, Ariel Montoya. Bolanos told the Ambassador that he was considering replacing Leal with Finance Minister Mario Arana or Vice Minister of Environment Leonardo "Nayo" Somarriba. The President favored Somarriba, however, saying he needed Arana to stay in his current position and maintain continuity in the government's economic program. Bolanos claimed he would make his decision that day and announce the new Secretary on Friday. (Comment: Bolanos, in fact, announced Somarriba's appointment later the same day, saying Somarriba enjoys the President's "full confidence." Somarriba is a quiet, somewhat squeamish functionary in a low-profile position who will now be forced to do some heavy political lifting. End Comment.)

BOLANOS WILL CONTINUE TO PUSH FOR OAS OBSERVATION TEAM

16. (C) President Bolanos and the Ambassador agreed that the OAS should send a technical level electoral observation mission "at once" to oversee preparations for the Atlantic Coast regional elections in March and national elections in November. The President stated he would contact OAS Secretary General Insulza again to urge him to send a team. Bolanos also presented the idea of the OAS sponsoring a "team of notables" from Latin America and Europe to monitor the election periodically during the year.

BOLANOS MOVING CLOSER TO MONTEALEGRE

17. (C) In contrast to past impressions that Bolanos favored presidential candidate Jose Antonio Alvarado, Bolanos seemed to agree in this encounter that Eduardo Montealegre is the most promising candidate. Bolanos stated that pressure from three sources -- himself, the Embassy, and the political financiers -- could force the Liberals to forge an alliance beyond the influence of corrupt PLC leader Arnaldo Aleman. The President claimed he planned to call other Central American presidents to pass the message to financiers in their countries not to give money to the PLC. Bolanos and legal advisor Frank Arana, who also attended the meeting, believe that a "residual PLC" will nevertheless survive, winning perhaps 7 to 15 deputies. The President predicted that Sandinista dissident candidate Herty Lewites will drop his presidential bid due to lack of party organization and make a deal with FSLN leader Daniel Ortega for that party's vice presidential slot.

18. (C) Regarding the Atlantic Coast elections, Bolanos stated that the local indigenous party Yatama is very strong in the Northern Atlantic Autonomous Region (RAAN) and would likely win there, while the PLC controls the most votes in the Southern Atlantic Autonomous Region (RAAS), where that party

will come out ahead. The President acknowledged that Montealegre has managed to gain a following on the Coast and will win some votes, but Alvarado and Lewites are very weak.
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